

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	19351	Agenda Number	1.
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Meeting Date:	11/1/2012	Department:	Treasury
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Subject

Approve a resolution adopting the City of Austin Fiscal Year 2012-13 Investment Policy.

Amount and Source of Funding

Fiscal Note

Purchasing Language:	
Prior Council Action:	April 5, 2012 - The City of Austin’s Investment Policy was last approved by Council.
For More Information:	Art Alfaro, Treasurer, 974-7882
Boards and Commission Action:	Recommended by Council’s Audit and Finance Committee Meeting on September 26, 2012.
MBE / WBE:	
Related Items:	

Additional Backup Information

The Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code, is the state law that governs the investment of public funds. In Section 2256(e), the PFIA requires governmental bodies to adopt an investment policy on an annual basis to serve as the guideline for the investment of public funds. The City of Austin’s Investment Policy was last approved by Council on April 5, 2012.

The PFIA provides the legal parameters for the City of Austin’s investments, which are further narrowed by adoption of specific investment policies by the Austin City Council.

There are three recommended changes to the City of Austin’s Investment Policy. There are two enhancement items that add new language to the City’s Investment Policy and one clarification item. All three suggested changes, outlined below, were presented and approved by the City of Austin Investment Committee and City Council’s Audit and Finance Committee.

The first change, on page six, adds new language to allow a securities lending program as an eligible investment in the

City of Austin's Investment Policy, as permitted by PFIA. The program authorizes the City to lend out securities within our portfolio on a short-term basis. The City will retain ownership of the securities that are lent out at all times. Any security lent through the program will be fully collateralized in the City of Austin's name at 102% of market value plus accrued interest until the security is returned.

The second change, on page eight, adds new language to allow use of a surety bond to meet depository collateral requirements, as permitted by PFIA. The addition of surety bonds as an acceptable form of collateralization will assist member owned financial institutions with the ability to provide depository services for the City. The City of Austin Investment Policy imposes ratings requirements for the surety bond issuer and requires that the City is the named insured on the surety bond.

The third change, on page fifteen, clarifies and details the independent sources authorized to provide PFIA required investment training. The City of Austin Investment Committee has authorized the use of the following independent sources for investment training: First Southwest Company, Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers Organization of Texas, Texas Municipal League, Texas Term, Texpool, and University of North Texas and allows for additional qualified training sources to be added on a case-by-case basis.